

fastFT US trade

General Motors sounds warning on Trump tariff plans

US carmaker says president's actions could raise prices and lead to local job losses



General Motors: 'The penalties we could incur from tariffs and increased costs will be detrimental to the future industrial strength and readiness of manufacturing operations in the United States' © Bloomberg

Shawn Donnan in Washington YESTERDAY

[General Motors](#) has joined the corporate backlash against Donald Trump's [trade wars](#), warning that the US president's [threatened tariffs](#) on imports of cars and parts would hurt the US economy and could lead it to reduce its manufacturing in the country.

In a [letter](#) to the US Commerce Department filed on Friday, the US carmaker said the tariffs being contemplated by the Trump administration would raise the prices of its vehicles by thousands of dollars, undermine its competitiveness against foreign producers and lead to a loss of US jobs.

"The penalties we could incur from tariffs and increased costs will be detrimental to the future industrial strength and readiness of manufacturing operations in the United States, and could lead to negative consequences for our company and US economic security," GM said.

The "increased import tariffs could lead to a smaller GM, a reduced presence at home and abroad for this iconic American company, and risk [resulting in] less — not more — US jobs", the company said.

"If this proposal [auto tariffs] is carried out, it would deal a staggering blow to the very industry it purports to protect and risk igniting a global trade war

US Chamber of Commerce

The GM submission reflects a growing anxiety in the US business community about Mr Trump's threatened auto tariffs and his trade war with China, which the administration is set to begin hitting with a new round of tariffs on July 6. Both would represent major escalations of trade wars that have already tested the US's relationships with allies such as Canada and the EU and done damage to some US businesses' bottom lines.

[Harley-Davidson](#) this week said it would begin shifting production of bikes destined for the EU to

factories outside the US to avoid a 25 per cent EU tariff imposed in retaliation to steel and aluminium import taxes put in place by Mr Trump earlier this year.

In a separate [submission](#) released on Friday the US Chamber of Commerce called on the Trump administration to abandon its plan for auto tariffs.

“If this proposal is carried out, it would deal a staggering blow to the very industry it purports to protect and risk igniting a global trade war,” the business group said.

The Trump administration in May launched an investigation into whether imports of cars and parts from around the world are a threat to US national security. The president has also already gone beyond that and [threatened](#) to impose a 20 per cent tariff on European auto imports as part of a broader attack on the EU and its \$151bn goods surplus with the US.

Similar national security investigations were used to justify Mr Trump’s imposition earlier this year of the steel and aluminium tariffs that have provoked anger and retaliation from global allies.

Canada on Friday said it would go ahead and begin imposing tariffs on more than \$13bn in imports from the US on July 1 while other trading partners including the EU already have retaliated.

But any move to limit auto imports would be far larger in scale and draw far more extreme retaliation, businesses have warned.

The US imported more than \$300bn in cars and parts last year, more than 10 times the value of the steel brought into the country.

A [study](#) by economists at the Peterson Institute for International Economics said if the Trump administration goes ahead with its auto tariffs it would lead to the direct loss of 195,000 US jobs. If that escalated and other countries retaliated in kind, more than 600,000 jobs would be lost, it found.

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